

NORWEST
CORPORATION

Aleta A. Brown
Environmental Specialist

C/015/025 Incoming

#3584

&

June 30, 2010

File No. 4184

Daron Haddock
Permit Supervisor
Utah Division of Oil, Gas & Mining Coal Program
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, UT 84114-5801

Subject: Application for Permit Renewal, Bear Canyon Mine, C/015/0025

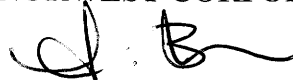
Dear Mr. Haddock:

Enclosed is the permit renewal application for the Bear Canyon Mine, permit number C/015/0025. I am submitting the permit renewal application on behalf of CW Mining Company d/b/a Co-Op Mining Company, Kenneth A. Rushton, U.S. Bankruptcy Trustee to the Bear Canyon Mine. This package includes one original and three copies of the following: notarized C1 and C2 forms, redlined version of changes to the MRP, an updated Certificate of Liability Insurance form, and a draft public notification publication for your review. Please review and provide comments to the public notification publication and I will publish it accordingly.

Please contact me with any questions or concerns.

Yours sincerely,

NORWEST CORPORATION



Aleta A. Brown
Environmental Specialist

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JUN 30 2010

DIV. OF OIL, GAS & MINING

Enclosures

Cc: Kenneth A. Rushton - U.S. Bankruptcy Trustee
Richard H. Thornton - Prince, Yeates & Geldzahler
Carl Pollastro - Norwest Corporation

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change ☐ New Permit ☐ Renewal ☒ Exploration ☐ Bond Release ☐ Transfer ☐

Permittee: CW Mining Company d/b/a Co-Op Mining Company, Kenneth A Rushton

Mine: Bear Canyon Mine

Permit Number:

C/015/0025

Title: U.S. Bankruptcy Trustee

Description, Include reason for application and timing required to implement:

5-yr permit renewal, permit expires November 2, 2010, therefore renewal must be submitted by July 2, 2010

Instructions: If you answer yes to any of the first eight questions, this application may require Public Notice publication.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: _____ <input type="checkbox"/> increase <input type="checkbox"/> decrease. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. Is the application submitted as a result of a Division Order? DO# _____ |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. Does the application include operations in hydrologic basins other than as currently approved? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 6. Does the application require or include public notice publication? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 7. Does the application require or include ownership, control, right-of-entry, or compliance information? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. Is the application submitted as a result of a Violation? NOV # _____ |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 10. Is the application submitted as a result of other laws or regulations or policies? |

Explain: _____

- | | |
|---|--|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 11. Does the application affect the surface landowner or change the post mining land use? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2) |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 13. Does the application require or include collection and reporting of any baseline information? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 15. Does the application require or include soil removal, storage or placement? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 16. Does the application require or include vegetation monitoring, removal or revegetation activities? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 17. Does the application require or include construction, modification, or removal of surface facilities? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 18. Does the application require or include water monitoring, sediment or drainage control measures? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 19. Does the application require or include certified designs, maps or calculation? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 20. Does the application require or include subsidence control or monitoring? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 21. Have reclamation costs for bonding been provided? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 23. Does the application affect permits issued by other agencies or permits issued to other entities? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 24. Does the application include confidential information and is it clearly marked and separated in the plan? |

Please attach three (3) review copies of the application. If the mine is on or adjacent to Forest Service land please submit four (4) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Kenneth A. Rushton Trustee

Print Name

Position

Date

Signature (Right-click above choose certify then have notary sign below)

Subscribed and sworn to before me this 29 day of June, 2010

Notary Public: Salt Lake County, state of Utah.

My commission Expires: March 14, 2012

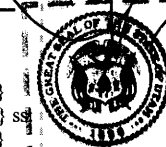
Commission Number: 573449

Address: 175 E. 400 S.

City: Salt Lake City

State: UT

Zip: 84111



For Office Use Only:

Assigned Tracking
Number:

Received by Oil, Gas & Mining

RECEIVED

JUN 30 2010

DIV. OF OIL, GAS & MINING

Permittee: CW Mining Company d/b/a Co-Op Mining Company, Kenneth A Rushton
Mine: Bear Canyon Mine
Title: U.S. Bankruptcy Trustee

C/015/0025

DESCRIPTION OF MAP, TEXT, OR MATERIAL TO BE CHANGED

[illegible]

Received by Oil, Gas & Mining

DIV. OF OIL, GAS & MINING

R645-301-100 GENERAL CONTENTS

R645-301-112 Identification of Interests

112.100 Statement of corporation

C.W. Mining Company is a corporation, incorporated in the state of Utah. C.W. Mining Company is the payer of the abandoned mine reclamation fee. Federal Identification Number: 87-0399230.

112.200-230 Names, addresses, and telephone numbers of the applicant, and the applicant's resident agent who will accept service of process.

Applicant: C.W. Mining Company
53 W Angelo Ave
Salt Lake City, UT 84115
(801) 486-5047

Resident Agent ~~Charles Reynolds~~ Kenneth A. Rushton
~~P.O. Box 124599~~ West Main Street, PO Box 212
~~Huntington, UT 84528~~ Lehi, UT 84043
~~(435) 687-2450~~ 801-768-8416

112.300 For Applicants other than single proprietorships:

112.310 Name and address of each officer, partner, principal, principal shareholder, and director or other person performing a function similar to a director

C.O.P Coal Development Company is the fee area and leaseholder of lands within the permit area. C.O.P. Coal Development Company has subleased all fee and federal coal rights to C.W. Mining Company for inclusion in the Bear Canyon LMU.

Corporate Office: C.O.P. Coal Development Co.
3212 South State Street
Salt Lake City, Utah 84115

Name	Title	Address
J. O. Kingston	President	53 West Angelo Ave, S.L.C., Ut. 84115
J. D. Kingston Jr.	Vice President	53 West Angelo Ave, S.L.C., Ut. 84115
Luanna Kingston	Sec./Treas.	53 West Angelo Ave, S.L.C., Ut. 84115

112.320 Not Applicable

112.330 The title of the person's position, date position was assumed, and when submitted under R645-300-147.

Table 1-1 Officers Authorized to Act on Behalf of C. W. Mining Company

Name	Title	Address	Start Date
Kenneth A. Rushton B. W. Stoddard	President Bankruptcy Trustee	P.O. Box 300, Huntington, Ut 84528 99 West Main Street, PO Box 212, Lehi, UT 84043	01/01/76 11/19/08
J. A. Gustafson	Vice Pres.	1815 S. 1100 W., Woods Cross, Ut 84087	01/01/78
D. J. Sanders	Sec./Treas.	53 West Angelo Ave., S.L.C., Ut 84115	06/17/93
Wendell Owen	Res. Agent	P.O. Box 1245, Huntington, UT 84528	01/01/76

112.340 All names under which the applicant operates or previously operated a coal mine and reclamation operation in the United States within the 5 years preceding the date of application.

C.W. Mining is doing business as (DBA) Co-Op Mining Company

112.350 Not Applicable

112.400 Pending, current, and previous coal mining and reclamation operation permit applications.

C/015/021 Utah Division of Oil Gas and Mining

C/015/025 Utah Division of Oil Gas and Mining

112.410 Federal or State permit numbers and MSHA numbers, the date of issuance, and the regulatory authority.

See Table 1-2 on the following page.

112.420 Not Applicable

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
2/24/2010

PRODUCER (970) 243-6600 FAX: (970) 243-3914

Home Loan & Investment Company

205 North 4th Street

P. O. Box 100

Grand Junction CO 81502-0100

INSURED

Bear Canyon Mining LLC; Kenneth A Rushton as trustee for the bankruptcy estate of CW Mining Company d/b/a Co-Op Mining Company, Highway 31 Huntington UT

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

NAIC #

INSURER A: Arch Specialty Insurance Co.

INSURER B:

INSURER C:

INSURER D:

INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSRD		TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
A		GENERAL LIABILITY	CSPKG00617-00	2/17/2010	2/17/2011	EACH OCCURRENCE	\$ 1,000,000
	<input checked="" type="checkbox"/>	COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000
	<input type="checkbox"/>	CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person)	\$ 5,000
	<input type="checkbox"/>					PERSONAL & ADV INJURY	\$ 1,000,000
	<input type="checkbox"/>					GENERAL AGGREGATE	\$ 2,000,000
	<input checked="" type="checkbox"/>	GEN'L AGGREGATE LIMIT APPLIES PER:				PRODUCTS - COMP/OP AGG	\$ 2,000,000
	<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						
		AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT (Ea accident)	\$
	<input type="checkbox"/>	ANY AUTO				BODILY INJURY (Per person)	\$
	<input type="checkbox"/>	ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$
	<input type="checkbox"/>	SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	\$
	<input type="checkbox"/>	HIRED AUTOS					
	<input type="checkbox"/>	NON-OWNED AUTOS					
		GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$
	<input type="checkbox"/>	ANY AUTO				OTHER THAN EA ACC	\$
	<input type="checkbox"/>					AUTO ONLY: AGG	\$
A		EXCESS / UMBRELLA LIABILITY	CSUMB00617-00	02/17/2010	02/17/2011	EACH OCCURRENCE	\$ 1,000,000
	<input checked="" type="checkbox"/>	OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$ 1,000,000
	<input type="checkbox"/>						\$
	<input type="checkbox"/>	DEDUCTIBLE					\$
		RETENTION \$					\$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATU-TORY LIMITS	OTH-ER
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)				E.L. EACH ACCIDENT	\$
		If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE	\$
						E.L. DISEASE - POLICY LIMIT	\$
A		OTHER Property & Equipment	CSPKG00617-00	02/17/2010	02/17/2011	Scheduled Equipment	\$8,842,045
						Buildings	\$67,415

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS	

Bear Canyon Mine Permit #C-015-0025

Coverage is provided for damage incurred from the use of explosives.

*10 day notice of cancellation applies for non payment of premium

CERTIFICATE HOLDER

Division of Oil, Gas & Mining
1594 West North Temple
Box 145801
Salt Lake City, UT 84114-5801

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL MAIL *30* DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, FOR YOUR INFORMATION.

AUTHORIZED REPRESENTATIVE
Sean Hazelhurst/DEB

ACORD 25 (2009/01)

INS025 (200901)

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IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

This Certificate of Insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

ADDITIONAL COVERAGES

Ref #	Description SUBSIDENCE	Coverage Code	Form No.	Edition Date
Limit 1 1,000,000	Limit 2	Limit 3	Deductible Amount	Deductible Type
Premium				
Ref #	Description TIME ELEMENT POLLUTION	Coverage Code POLUT	Form No.	Edition Date
Limit 1 1,000,000	Limit 2	Limit 3	Deductible Amount	Deductible Type
Premium				
Ref #	Description FLOOD	Coverage Code	Form No.	Edition Date
Limit 1 1,000,000	Limit 2	Limit 3	Deductible Amount	Deductible Type
Premium				
Ref #	Description	Coverage Code	Form No.	Edition Date
Limit 1	Limit 2	Limit 3	Deductible Amount	Deductible Type
Premium				
Ref #	Description	Coverage Code	Form No.	Edition Date
Limit 1	Limit 2	Limit 3	Deductible Amount	Deductible Type
Premium				
Ref #	Description	Coverage Code	Form No.	Edition Date
Limit 1	Limit 2	Limit 3	Deductible Amount	Deductible Type
Premium				
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Limit 1	Limit 2	Limit 3	Deductible Amount	Deductible Type
Premium				
Ref #	Description	Coverage Code	Form No.	Edition Date
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Premium				
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Limit 1	Limit 2	Limit 3	Deductible Amount	Deductible Type
Premium				
Ref #	Description	Coverage Code	Form No.	Edition Date
Limit 1	Limit 2	Limit 3	Deductible Amount	Deductible Type
Premium				
Ref #	Description	Coverage Code	Form No.	Edition Date
Limit 1	Limit 2	Limit 3	Deductible Amount	Deductible Type
Premium				

**DRAFT PUBLIC NOTIFICATION PUBLICATION FOR DOGM'S REVIEW
BEAR CANYON PERMIT RENEWAL APPLICATION
JUNE 30, 2010**

PAGE 1 OF 2

Bear Canyon Mining LLC
Highway 31
Huntington, Utah 84528

Kenneth A. Rushton, trustee for the bankruptcy estate of CW Mining Company doing business as Co-Op Mining Company, hereby submits an application for a permit renewal for the Bear Canyon Mine, permit number C/015/0025. The permit area encompasses approximately 10,920.45 acres for which the legal description is provided below.

Permit Area

A. T16S, R7E SLBM	Sec. 14 S1/2 Sec. 23 E1/2, E1/2 W1/2 Sec. 24 W1/2, W1/2 E1/2 Sec. 25 NW1/4 NW1/4, E1/2 NW1/4, SW1/4 SW1/4, E1/2 SW1/4 Sec. 26 NE1/4 NE1/4, NW1/4 NE1/4, N1/2 SW1/4 NE1/4 and the access/haul road and topsoil storage area
T16S, R8E SLBM	Sec. 7 NE1/4, NE1/4 Sec. 8 NW1/4, W1/4 E1/2, N1/2 SW ¼, SE1/4 SW1/4 Sec. 16 All Sec. 17 All Sec. 21 E1/2 NW1/4, NE1/4, N1/2 SE1/4
B. T16S, R7E SLBM	Sec. 1 Lots 1 and 2, S1/2 NE1/4, SE1/4 Sec. 10 N1/2, N1/2 S1/2, SE1/4 SW1/4, S1/2 SE1/4 Sec. 11 All Sec. 12 All Sec. 13 All Sec. 14 NE1/4, E1/2 NW1/4 Sec. 24 E1/2, E1/2, Sec. 25 E1/2
T16S, R8E SLBM	Sec. 18 SW1/4, SW1/4 Sec. 19 S1/2 NW1/4, SW1/4, SW1/4 SE1/4, N1/2 SE1/4, S1/2 NE1/4 Sec. 20 S1/2 NW1/4, N1/2 SW1/4 Sec. 30 W1/2, W1/2 NE1/4, NW1/4 SE1/4
C. T16S, R7E SLBM T16S, R8E SLBM	Sec. 25 SW1/4 NW1/4, NW1/4 SW1/4 Sec. 6 Lots 11-14, E1/2 SW1/4, W1/2 SE1/4, SE1/4 SE1/4 Sec. 7 all except NE1/4 NE1/4 Sec. 8 SW1/4, SW1/4 Sec. 18 N1/2, SE1/4, N1/2 SW1/4, SE1/4 SW1/4
D. T16S, R8E SLBM	Sec. 31 NE1/4 NW1/4, NW1/4 NE1/4
E. T6S, R8E SLBM	Sec. 19 Lot 1, NE1/4 NW1/4, N1/2 NE1/4 Sec. 20 N1/2 NW1/4, NE1/4, NE1/4, NE1/4 21 W1/2 NW1/4, N1/2 SW1/2, SE1/4 SW1/4, S1/2 SE1/4

A surety bond is filed with the Division of Oil, Gas and Mining in the amount of \$1,825,000.00, and is payable to the State of Utah, Division of Oil, Gas and Mining (DOGM), and the Office of Surface Mining Reclamation and Enforcement (OSM).

A copy of the permit renewal application may be examined at the office of the Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114-5801 and also at the Records Office located in the Emery County Courthouse in Castle Dale, Utah. Written comments, objections, or requests for an informal conference may be submitted to the Salt Lake City address. Said comments must be submitted thirty (30) days from the date of the last publication of this notice. This notice is being published to comply with the Surface Mining Control and Reclamation Act of 1977, and State and Federal regulations promulgated pursuant to said Act.

Published in the Emery County Progress on _____.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov>



JUN 17 2010

IN REPLY REFER TO:

3480
UTU-73342
UTU-024316
UTU-024318
UTU-46484
UTU-020668
UTU-38727
UTU-51923
UTU-61048
UTU-61049
SL-025431
SL-069985
(UT-923)

Received 6.17.10
By Kerk A. NOBIS
[Signature]

CERTIFIED MAIL—Return Receipt Requested

DECISION

Mr. Kenneth Rushton, Trustee
C. W. Mining Company
99 West Main Street
P.O. Box 212
Lehi, UT 84043

: LMU
: UTU-73342
: Coal Leases
: SL-025431, SL-069985,
: UTU-020668, UTU-024316,
: UTU-024318, UTU-38727, UTU-46484
: UTU-61048 and UTU-61049
:

Logical Mining Unit Approved
Logical Mining Unit Modifications Approved

The Bear Canyon Logical Mining Unit (LMU) application UTU-73342 was filed April 20, 1990, along with Modification 1 filed August 27, 1997, Modification 2 filed September 15, 1999 and Modification 3 filed April 27, 2001. The initial Bear Canyon Logical Mining Unit application is hereby approved effective May 1, 1990. In accordance with our letter dated June 16, 2010, the modifications to this Logical Mining Unit are approved effective August 27, 1997, September 15, 1999 and June 19, 2002. The BLM has determined that it is in conformance with the approval criteria as per 43 CFR 3487.

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JUN 30 2010
DIV. OF OIL, GAS & MINING

The Bear Canyon LMU stipulations were executed by Mr. Kenneth Rushton, trustee for C. W. Mining Company on June 16, 2010. The approved Bear Canyon LMU contains 13,861.80 acres and is comprised of Federal coal leases SL-025431, SL-069985, UTU-020668, UTU-024316, UTU-024318, UTU-38727, UTU-46484, UTU-61048 and UTU-61049 and fee land.

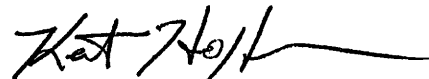
This decision may be appealed to the Interior Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR, Part 4, and the enclosed Form 1842.1. If an appeal is taken, your notice of appeal must be filed in this office (at the above address) within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition (pursuant to regulation 43 CFR 4.21)(58 FR 4939, January 19, 1993) (request) for a stay (suspension) of the effectiveness of this decision during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal and petition for a stay **must** also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed in this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards.

- (1) The relative harm to the parties if the stay is granted or denied,
- (2) The likelihood of the appellant's success on the merits,
- (3) The likelihood of immediate and irreparable harm if the stay is not granted, and
- (4) Whether the public interest favors granting the stay.



Kent Hoffman
Deputy State Director
Lands and Minerals

cc: C.O.P. Development Company, 53 West Angelo Ave., Salt Lake City, Utah 84115
ANR Company, 3212 South State Street, Salt Lake City, Utah 84115
Resource Development Coordinating Committee, ATTN: Mineral Leasing Taskforce,
116 State Capital Building, Salt Lake City, Utah 84114 (w/encl.)
Mr. John Baza, Director, UDOGM, Box 145801, Salt Lake City, Utah 84114-5801
(w/encl.)
Price Coal Office (w/encl.)
MMS, MRM, Solid Minerals Staff, Attn: Patrick Mulcahy, MS390B2, Box 25165,
Denver, CO 80225-0165



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov>



IN REPLY REFER TO:

3480

UTU-73342

UTU-024316

UTU-024318

UTU-46484

UTU-020668

UTU-38727

UTU-61048

UTU-61049

UTSL-025431

UTSL-069985

UTU-51923

(UT-923)

*Copy received
6-16-2010
Kenneth Rushton
Bankruptcy Trustee
C.W. Mining Company*

JUN 16 2010

CERTIFIED MAIL—Return Receipt Requested 7009 1410 0001 9070 3736

Mr. Kenneth Rushton, Trustee
C. W. Mining Company
99 West Main Street
P.O. Box 212
Lehi, UT 84043

Dear Mr. Rushton:

We have completed our review of the Bear Canyon Logical Mining Unit (LMU) application UTU-73342 (originally submitted by C.W. Mining Company doing business as (DBA) Co-Op Mining Company (Co-Op) dated April 20, 1990, along with modification 1 dated August 27, 1997, Modification 2 dated September 15, 1999, and Modification 3 dated April 27, 2001, as stated in the Bear Canyon Logical Mining Unit applications. We have taken into account the comments that were brought forward in the May 20, 2010, public hearing conducted in Price, Utah. The BLM has determined that the LMU is in conformance with the approval criteria as per 43 CFR 3487. This determination is based upon the following:

1. The LMU recoverable reserves are capable of being developed in an efficient, economical and orderly manner, as a unit, with due regard to the conservation of the recoverable coal reserves and other resources.

Approval of the LMU will not affect the recovery, sequencing or development schedule of the contained Federal coal reserves with respect to the approved Resource Recovery and Protection Plan (R2P2).

2. All lands in the LMU are operated by and under the effective control of C.W. Mining Company by agreement with COP Development (March 1, 1997 – February 28, 2022) and ANR (September 1, 1999 – August 21, 2024) who are the Lessees. This was affirmed by court order dated February 10, 2010.
3. All lands within the LMU application will be developed and operated as a single operation which will include multiple portals. C.W. Mining Company will mine coal from the Bear Canyon LMU and ship coal to user locations.
4. All lands within the proposed LMU are contiguous. The BLM has conducted an in-depth review of the legal land-descriptions for all lands contained in the Bear Canyon Logical Mining Unit application (including modifications) which show that there is at least one point in common on all lands.
5. Mining operations will achieve maximum economic recovery (MER) of the Federal Coal reserves within the LMU. The amount of coal that can be obtained by creation of the LMU is larger than if the LMU was not formed. BLM has approved the life-of-mine R2P2 for the LMU and an MER determination was made. This approval is dated September 22, 2006.
6. No Federal coal leases included in this LMU are included in any other LMU. There are no other active LMU's in the area.
7. The Bear Canyon LMU contains 13,861.80 acres and therefore does not exceed the 25,000-acre limit.
8. A portion of Federal Coal Lease USL-025431 (T. 16 S., R. 8 E. Section 5: Lots 1 and 8, for 60.43 acres) was not included into the Bear Canyon LMU because it is not contiguous with other lands contained in the LMU. These lands will be segregated from the parent lease upon approval of the LMU. The lessee may apply to relinquish these lands.
9. A portion of T. 16 S., R. 8 E., Section 8: NW1/4, W1/2NE1/4, (240 acres) of fee coal was not included into the Bear Canyon LMU because the lands are not under the control of C. W. Mining Company.

Enclosed are two copies of the Bear Canyon LMU with stipulations for your approval. If you concur with the LMU and stipulations, please sign and date both copies and return one original to this office. Upon receipt by this office of the signed copy of the LMU, a decision approving the Bear Canyon LMU effective May 1, 1990, will be issued.

If we do not receive a response from you within 30 days of your receipt of this letter, we will assume that you no longer want to have the LMU formed, and the Federal coal leases will remain subject to their individual Federal lease terms. If you have any questions please contact Mr. Stan Perkes at (801) 539-4036.

Sincerely,

A handwritten signature in black ink, appearing to be 'Selma Sierra', with a long horizontal stroke extending to the right.

Selma Sierra
State Director

Enclosure

2 copies of LMU with Stipulations (15 pages)

cc: C.O.P. Development Company, 53 West Angelo Ave., Salt Lake City, Utah 84115
ANR Company, 3212 South State Street, Salt Lake City, Utah 84115

Bear Canyon Logical Mining Unit

The Mineral Leasing Act (MLA) of February 25, 1920, as amended by the Federal Coal Leasing Amendments Act (FCLAA) of 1976, authorizes the consolidation of coal leases into a logical mining unit (LMU). A LMU is an area of land which the coal resources can be developed in an efficient, economical and orderly manner as a unit with due regard to conservation of coal resources and other resources.

As a result of an application and three modifications for a LMU designation filed by Co-OP Mining Company, the Bear Canyon LMU is approved effective 1 May, 1990, modification 1 approved effective August 27, 1997, modification 2 approved effective September 7, 1999, and modification 3 approved effective June 19, 2002, and provides as follows:

1. **Bear Canyon Logical Mining Unit Area:** The area specified on the map attached hereto marked Exhibit A being hereby designated the Bear Canyon LMU area through the June 19, 2002, modification 3, containing 13,861.80 acres as described as follows:

Original Area:

Federal Coal Lease U-024318

Lease Effective Date: May 1, 1958

Lessee: COP Coal Dev. Co.

T.16 S., R 07E, SLM, SLM, Utah
Sec. 26, E $\frac{1}{2}$ NW $\frac{1}{4}$;
Contains 80.00 acres more or less.

Federal Coal Lease U-024316

Lease Effective Date: May 1, 1958

Lessee: COP Coal Dev. Co.

T. 16 S., R07E, SLM, Utah
Sec. 13, W $\frac{1}{2}$ W $\frac{1}{2}$;
Sec. 14, NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$;
Containing 400.0 acres, more or less.

Private Lands:

T.16 S., R 07 E, SLM, Utah
Sec. 14, S $\frac{1}{2}$;
Sec. 23, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$;
Sec. 26, N $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$;
Sec. 24, W $\frac{1}{2}$ W $\frac{1}{2}$, Excluding area to East of Bear Canyon Fault
(Approximately 18.18 acres excluded)
Containing 1041.82 acres, more or less.

August 27, 1997 Modification 1:

Federal Coal Lease U-61048

Lease Effective Date: February 8, 1923

Lessee: COP Coal Dev. Co.

T. 16 S., R 07E, SLM, SLM, Utah
Sec. 1, Lot 1, SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$;
Sec. 12, E $\frac{1}{2}$ NE $\frac{1}{4}$;

T. 16 S., R 8 E, SLM, Utah
Sec. 6; lots 11-14, E $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$;
Sec. 7, lots 1,2, E $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$;
Sec. 8, SW $\frac{1}{4}$ SW $\frac{1}{4}$;
Containing 1,108.27 acres, more or less.

Federal Coal Lease U-61049

Lease Effective Date: November 1, 1949

Lessee: COP Coal Dev. Co.

T. 16 S., R. 7 E., SLM, Utah
Sec. 1, lot 2, SW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$;
Sec. 12, W $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ W $\frac{1}{2}$, SE $\frac{1}{4}$;
Sec. 13, E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$;

T. 16 S., R. 8 E., SLM, Utah
Sec. 7, lots 3 and 4, E $\frac{1}{2}$ SW $\frac{1}{4}$;
Sec. 18, lots 1-4, E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$;
Sec. 19, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$;
Sec. 20 SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$;
Containing 2,036.09 acres, more or less.

Federal Coal Lease U-46484

Lease Effective Date: May 1, 1958

Lessee: COP Coal Dev. Co.

T. 16 S., R. 7 E., SLM, Utah
Sec. 10; N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$, S $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$;
Sec. 11, All;
Sec. 12, W $\frac{1}{2}$ W $\frac{1}{2}$;
Containing 1,400 acres, more or less.

Federal Coal Lease U-020668

Lease Effective Date: May 1, 1958

Lessee: COP Coal Dev. Co.

T. 16 S., R. 7 E., SLM, Utah
Sec. 25, SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$;

T. 16 S., R. 8 E., SLM, Utah
Sec. 30, lots 1-4, W $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ W $\frac{1}{2}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$;
Containing 546.32 acres, more or less

State Lease ML-48264 (Land exchange and segregated on January 15, 1999 which was part of U-020668)

Sec. 31, NE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$
Containing 80 acres, more or less.

Federal Coal Lease U-038727

Lease Effective Date: May 1, 1958

Lessee: COP Coal Dev. Co.

T. 16 S., R. 7 E., SLM, Utah
Sec. 24, SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$;
Sec. 25, N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$,
SE $\frac{1}{4}$ SE $\frac{1}{4}$;

T. 16 S., R. 8 E., SLM, Utah
Sec. 19, lots 2-4, SE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$;
Containing 740.39 acres, more or less.

Private Lands :

T. 16 S. R. 7 E., SLM, Utah
Sec. 14, W $\frac{1}{2}$ NW $\frac{1}{4}$;
Sec. 23, W $\frac{1}{2}$ W $\frac{1}{2}$;
Sec. 24, E $\frac{1}{2}$ W $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$; Including (Approximately 18.18 acres East of
Bear Canyon Fault in W $\frac{1}{2}$ W $\frac{1}{2}$)
Sec. 25 NW $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$;
Sec. 26, S $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$;

T. 16 S., R. 8 E., SLM, Utah
Sec. 8, N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$;
Sec. 16, W $\frac{1}{2}$ W $\frac{1}{2}$;
Sec. 17, All;
Sec. 19, lot 1, NE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$;
Sec. 20, N $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$;
Containing 2205.11 acres, more or less.

September 7, 1999 Modification 2:

Federal Coal Lease SL-025431

Lease Effective Date: February 8, 1923

Lessee: ANR Co. Inc.

T. 15 S., R. 7 E., SLM, Utah
Sec. 36, S $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$;

T. 15 S., R. 8 E., SLM, Utah
Sec. 31, lots 1-4, E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$;

T. 16 S., R. 8 E., SLM, Utah
Sec. 5, lots 5, 12;
Sec. 6, lots 1-10;
Containing 1201.56 acres, more or less.

Federal Coal Lease SL-069985

Lease Effective Date: November 1, 1949

Lessee: ANR Co. Inc.

T. 15 S., R. 7 E., SLM, Utah
Sec. 25, W $\frac{1}{2}$ E $\frac{1}{2}$;
Sec. 36, N $\frac{1}{2}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$;
Containing 320.00 acres, more or less.

April 27, 2001 Modification 3.

Modification to Federal Coal Lease U-38727 (Modification filed October 2, 2000-approved June 19, 2002)

T. 16 S., R. 7 E., SLM, Utah
Sec. 24, NE $\frac{1}{4}$ NE $\frac{1}{4}$;
Containing 40 acres, more or less.

Modification to Federal Coal Lease U-61049 (Modification filed October 2, 2000-approved June 19, 2002)

T. 16 S., R. 8 E., SLM, Utah
Sec. 19; SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$;
Sec. 20, SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$;
Containing 160 acres, more or less.

Federal Coal Lease U- 51923

Lease Effective Date: October 1, 1985

Lessee: ANR Co. Inc.

T. 15 S., R. 8 E., SLM, Utah
Sec. 20, NW $\frac{1}{4}$;
Containing 160 acres, more or less.

Private Lands:

T. 16 S., R. 8 E., SLM, Utah
Sec. 8, E $\frac{1}{2}$ E $\frac{1}{2}$;

T. 15 S., R. 7 E., SLM, Utah
Sec. 24, SE $\frac{1}{4}$ SE $\frac{1}{4}$;
Sec. 25, E $\frac{1}{2}$ E $\frac{1}{2}$;

T. 15 S., R. 8 E., SLM, Utah
Sec. 19, All;
Sec. 20 S $\frac{1}{2}$ SW $\frac{1}{4}$;
Sec. 29, W $\frac{1}{2}$;
Sec. 30, All;
Sec. 32, W $\frac{1}{2}$

Containing 2342.24 acres, more or less.

All Coal Lands approved to be within the LMU.

T. 15 S., R. 7 E., SLM, Utah
Sec. 24, SE $\frac{1}{4}$ SE $\frac{1}{4}$;
Sec. 25, E $\frac{1}{2}$;
Sec. 36, E $\frac{1}{2}$;

T. 15 S., R. 8 E., SLM, Utah
Sec. 19, All;
Sec. 20, NW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$;
Sec. 29, W $\frac{1}{2}$;
Sec. 30, lots 1-4, E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$;
Sec. 31, lots 1-4, E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$;
Sec. 32, W $\frac{1}{2}$;

T. 16 S., R. 7 E., SLM, Utah
Sec. 1, lots 1,2, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$;
Sec. 10, N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$;
Sec. 11, All;
Sec. 12, All;

Sec. 13, All;
Sec. 14, All;
Sec. 23, All;
Sec. 24, All;
Sec. 25, N $\frac{1}{2}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$;
Sec. 26, E $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$;

T. 16 S., R. 8 E., SLM, Utah

Sec. 5, lots 5, 12;
Sec. 6, lots 1-14, E $\frac{1}{2}$ SW, W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$;
Sec. 7, lots 1-4 W $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ W $\frac{1}{2}$, SE $\frac{1}{4}$;
Sec. 8, E $\frac{1}{2}$ NE $\frac{1}{4}$, S $\frac{1}{2}$;
Sec. 16, W $\frac{1}{2}$ W $\frac{1}{2}$;
Sec. 17; All;
Sec. 18, All;
Sec. 19, lots 1-4, E $\frac{1}{2}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$;
Sec. 20, N $\frac{1}{2}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$;
Sec. 30, lots 1-4, E $\frac{1}{2}$ W $\frac{1}{2}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$;
Sec. 31, NW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$.

Containing 13,861.80 acres more or less.

2. Unit Operator:

C. W. Mining Company
99 West Main Street
P.O. Box 212
Lehi, UT 84043

3. Stipulations: As a consideration to the approval of the LMU, the operator/lessee consents to the following stipulations which make all Federal leases within the LMU subject to uniform requirements of the approved Resource Recovery and Protection Plan (R2P2), LMU recoverable reserves exhaustion, diligent development, continued operation, maximum economic recovery, advance royalty and royalty reporting periods. As of May 1, 1990, the diligence terms and conditions of the Federal lease are subject to or are superseded by the diligence requirements imposed on the LMU.

a. Supervision:

Bureau of Land Management
Utah State Office
440 West 200 South
Suite, 500
Salt Lake City, UT 84101-1345
OR
Mailing Address
Bureau of Land Management
Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155

The authorized officer (AO) which is the Chief, Branch of Minerals located at the above location is responsible for the review and approval of exploration plans, mining plans, and modifications thereto, prior to the commencement of mining operations within a permit area approved pursuant to the Surface Mining Control and Reclamation Act (SMCRA) of 1977. The AO is also responsible for review and approval of the R2P2 and any modifications thereto, and is also responsible for inspection and enforcement, including production verification, of such operations on all lands and all coal within the LMU, and for implementing all other applicable provisions of the 43 CFR 3400 rules for the LMU.

b. **Resource Recovery and Protection Plan:** In accordance with 43 CFR 3482.1(b and c) the LMU must have a life-of-mine R2P2. This life-of-mine LMU R2P2 was approved by the BLM on September 22, 2006. Prior to commencement of mining on the Bear Canyon LMU, an update to the R2P2 shall be required. The update must be approved by the AO prior to commencement of mining operations.

c. **Diligent Development and Continued Operation requirements:** Pursuant to 43 CFR 3480.0-5 (a)(13)(B), the LMU must meet "diligence" development requirement of production of commercial quantities (1% of the recoverable coal reserves) by the "diligence due date" (date by which diligence must be met). This is ten years after the most recently issued or readjusted lease after August 4, 1976, in the original LMU application. Continued operations must be maintained after diligence has been met and this begins on the month after diligence has been achieved. Each 12 month period after diligence has been met is designated as a continued operation year (COY). Commercial quantities must be mined in every COY after diligence has been met. Coal must be mined anywhere within the boundaries of the LMU in order to be credited toward meeting these requirements.

The diligent development period for the Bear Canyon LMU began on August 1, 1980, which is the date in which the most recently readjusted federal coal lease became "subject to diligence" (based on the original LMU application as dated April 20, 1990). (See Exhibit B) Therefore the LMU diligence due date is August 1 1990. The commercial quantities requirement to be mined was 88,400 tons for the original LMU application. As lands are added or removed from the LMU, or as geologic information changes, the commercial quantities requirement can change.

C. W. Mining met the "diligence" development requirement (of mining 88,400 tons) in June 1990. The LMU must maintain continued operation requirements (mining commercial quantities). Since the LMU met the requirement for diligent development in June 1990, the first COY for this LMU began on July 1, 1990. The LMU has met the COY requirements for every year through COY 18 (See Exhibit C). Based on the September 22, 2006 R2P2, the continued operation requirement for this LMU is currently 506,700 tons per COY.

c. **Advance Royalty:** 43 CFR 3483.4 allows for advance royalty to be paid in lieu of continued operation requirements. Advance royalty may be paid in lieu of continued operation, after diligent development is achieved, at any time during the life of the lease or LMU. In accordance with 30 U.S.C. § 207 (b) (2010) (109 P.L. No. 58 § 434, Aug. 8, 2005) payment of advance royalties shall reduce the amount of production royalty to be paid for any year (but not below zero) to the extent that the advance royalties have not been used to reduce production royalties for a prior year. The aggregate number of years during the life of the lease or LMU that advance royalty can be paid is twenty (20).

d. **Reporting Period:** The rental amount for the Federal coal leases is to be prorated to the effective date of the LMU. Thereafter, rental for Federal coal leases contained in the LMU will be due, in a lump sum, annually on the anniversary date of the LMU approval, May 1, 1990. The rentals will be required to be prorated. The lessee will be required to pay the amount of rentals on each lease

anniversary date by the amount shown to bring its payments up to May 1, 2011. At that point in time the rental for the LMU will be required which will include all Federal leases. This will be pro-rated as per Exhibit D.

Royalties for Federal recoverable reserves produced within the LMU will be paid on the appropriate Minerals Management Service (MMS) Production and Operations reports for every royalty reporting period. The LMU royalty reporting period will be on a monthly basis beginning with the royalty period after the date that coal is first produced following the effective date of the LMU. If coal is being produced on the effective date of the LMU approval, the first royalty reporting period will begin on the first day of the month following the effective date of the LMU.

e. **Recoverable Coal Reserves Exhaustion:** The 40-year LMU recoverable coal reserves exhaustion period commences the date the coal is first produced from the LMU which will be following the effective date of LMU approval (May 1, 1990). If there is production occurring within the LMU on the effective date of LMU approval, the 40-year mine out period begins on the effective date of LMU approval. In accordance with U.S.C. § 207 (b) (2010) (109 P.L. No. 58 § 434, Aug. 8, 2005), the 40 year limit on the LMU may be extended.

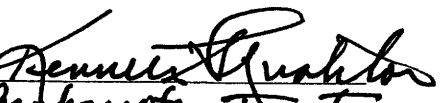
f. **Other:** If the LMU fails for whatever reason, the Federal coal leases contained in this LMU approval (UTU-UTU-024316, UTU-024318, UTU-46484, UTU-020668, UTU-38727, UTU-61048, UTU-61049, UTSL-025431, UTSL-069985, and UTU-51923) will revert to their original terms and conditions and will be treated as if they were never in the LMU.

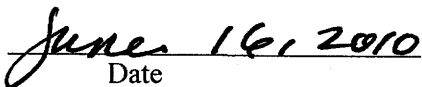
g. **Regulations:** This LMU is subject to the regulations at 43 CFR 3480 and will be subject to any changes in the regulations as of the date they are published in the Federal Register.

h. **Non-Federal Production:** All production within an LMU is credited to the entire LMU, a certified record of all non-Federal LMU coal production must be provided to the AO on an annual basis. Progress maps and reports required by 43 CFR 3483.2 will show all Federal and non-Federal production from anywhere within the LMU. The certified record of production and the progress maps must be submitted to the BLM at the above address by February 15th of each calendar year.

Accepted by:

C. W. Mining Company

By 
Bankruptcy Trustee
C.W. Mining Company
Title


Date

Bear Canyon Logical Mining Unit
Original 1990, Mod. 1 1997,
Mod. 2 1999, Mod. 3 2001



**BEAR CANYON LMU
EXHIBIT "B"**

Diligence Development/Continued Operations:

Lease Number	Total Recoverable Reserves as of LMU Application	Subject to Diligence Date	LMU Application Date	LMU Application Status
Original LMU Application				
UTU-024316		Aug. 1, 1980	Apr. 20, 1990	Original
UTU-024318		Aug. 1, 1980	Apr. 20, 1990	Original
Private Lands		NA	Apr. 20, 1990	Original
	8,843,800			
Modification 1, August 27, 1997				
UTU-46484		May 1, 1988	Aug. 27, 1997	Modification 1
UTU-020668		May 1, 1988	Aug. 27, 1997	Modification 1
UTU-38727		May 1, 1988	Aug. 27, 1997	Modification 1
UTU-61048		Feb. 8, 1983	Aug. 27, 1997	Modification 1
UTU-61049		Nov. 1, 1989	Aug. 27, 1997	Modification 1
Additional Private Lands Mod. 1		NA		Modification 1
	41,010,579			
Modification 2, September 15, 1999				
USL-025431		Feb. 8, 1983	Sep. 15, 1999	Modification 2
USL-069985		Nov. 1, 1989	Sep. 15, 1999	Modification 2
Additional Private Lands Mod. 2		NA		Modification 2
	45,019,320			
Modification 3, April 27, 2001				
UTU-51923		Oct 1, 1985	April 27, 2001	Modification 3
UTU-61049 Modification		Feb. 8, 1983	April 27, 2001	Modification 3
UTU-38727 Modification		Nov. 1, 1989	April 27, 2001	Modification 3
Private Lands Mod. 3		NA	April 27, 2001	Modification 3
	50,674,313			

BEAR CANYON LMU
EXHIBIT "C"

Bear Canyon LMU Diligence and COY Requirements

	COY1	COY2	COY3	COY4	COY5	COY6	COY7	COY8	COY9	COY10	COY11	COY12	COY13	COY14	COY15	COY16	COY17	COY18
	1990-1991	1992-1993	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998	1998 - 1999	1999-2000	2000 - 2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007 - 2008	2008-2009
Reserves, COY (1%) Required	8,843,800 (1%)= 88,438	88,438	88,438	88,438	88,438	88,438	88,438	41,010,579 (1%)= 410,106	410,106	45,019,320 (1%)= 450,193	450,193	450,193	450,193	450,193	450,193	450,193	50,674,313 (1%)= 506,743	506,743
February																Longwall		
March	42,600																	
April																		
May	38,733																	
June	30,802																	
July	55,869	22,357	57,045	32,621	32,993	47,562	44,179	62,426	59,735	66,983	73,001	68,674	70,299	28,298	62,787	44,996	45,852	23,071
August	76,924	21,571	47,566	40,951	39,253	39,744	24,979	83,089	66,945	87,471	109,657	85,475	50,974	41,912	54,659	41,634	48,148	17,404
September	48,433	10,683	56,300	38,871	32,243	45,522	28,080	64,665	72,071	105,824	112,758	69,529	44,182	31,199	64,659	35,380	25,932	13,561
October	44,020	32,151	43,841	31,715	34,831	45,316	26,382	35,570	78,649	108,219	117,307	75,735	16,180	32,111	39,197	35,179	43,393	106,941
November	40,337	33,427	41,566	38,419	37,582	36,731	31,756	44,001	84,378	113,076	120,793	64,497	18,777	22,818	40,436	35,288	148,562	87,363
December	46,366	32,958	41,312	42,941	45,424	53,309	24,421	60,184	78,815	89,426	85,889	79,146	24,216	14,346	47,827	37,667	136,423	86,911
January	59,454	22,760	35,500	42,751	40,334	68,787	45,390	59,542	73,627	137,155	83,509	74,982	12,939	15,060	45,888	36,244	202,552	85,987
54February	46,734	34,659	31,678	30,398	61,754	82,027	44,831	48,217	95,397	102,128	97,641	71,468	21,397	24,620	30,946	28,809	101,704	96,276
March	73,174	23,613	31,312	34,911	52,327	88,012	68,879	68,732	75,763	103,510	95,614	83,759	29,769	26,953	50,351	29,962	55,429	135,059
April	48,359	25,419	32,759	23,956	53,783	83,130	63,662	86,459	71,789	82,494	91,682	74,899	34,618	18,862	45,864	32,553	86,129	122,238
May	38,026	19,858	23,942	27,809	40,865	55,651	48,678	90,738	82,867	83,567	82,356	79,814	29,108	34,007	45,900	32,509	61,923	151,731
June	20,417	24,904	17,121	26,167	36,554	42,546	47,825	86,561	63,167	76,640	79,178	100,316	44,257	61,697	44,872	44,181	32,495	59,396
Annual	578,113	304,360	459,942	411,512	507,943	688,336	499,062	790,181	903,203	1,156,493	1,149,384	928,294	396,716	351,883	573,386	434,402	988,542	985,938
3 Year Rolling Average		414,402	375,012	410,729	459,799	535,930	565,114	659,193	730,816	949,959	1,069,693	1,078,057	824,798	558,964	440,662	453,224	665,443	802,961

Blue represents Diligence met (1% Recoverable Coal Reserves mined). Green represents beginning of the first continued operation year. Yellow represents where the continued operations requirement was not met either annually or with the 3-year rolling average. Red represents known federal production (42,600 tons production from BLM report 23 April 1993).

BEAR CANYON LMU

EXHIBIT "D"

The lease rental payment schedule will be as follows for the LMU approval date of 1 May 1990:

Lease Number	Lease Issuance Date	Anniversary Date	Amt. Due on Anniversary Date	Months	Amt. Due May 1, 2011
UTU-024316	May 1, 1958	May 1	Regular Rental	0	Regular Rental
UTU-024318	May 1, 1958	May 1	Regular Rental	0	Regular Rental
UTU-46484	May 1, 1958	May 1	Regular Rental	0	Regular Rental
UTU-020668	May 1, 1958	May 1	Regular Rental	0	Regular Rental
UTU-38727	May 1, 1958	May 1	Regular Rental	0	Regular Rental
UTU-61048	Feb 8, 1923	Feb 8	Paid for 2010	2.71	\$751.35
UTU-61049	Nov 1, 1949	Nov 1	Paid for 2009	6	\$3,295.50
USL-025431	Feb 8, 1923	Feb 8	Paid for 2010	2.71	\$814.36
USL-069985	Nov 1, 1949	Nov 1	Paid for 2009	6	\$480.00
UTU-51923	Oct 1, 1985	Oct 1	Paid for 2009	7	\$280.00

Note: The acreage of the 2 lots (lot 1 & 8, T. 16 S., R. 8 E., Section 5) for a total of 60.43 acres in lease USL-025431 was removed because they are not contiguous in the LMU and thus the rental was adjusted accordingly.